

**RESERVE BANK OF INDIA**  
**Rural Planning & Credit Department**  
**Central office**  
**Mumbai**

RPCD.PL.BC.28. 04.09.22/99-2000

September 30, 1999

To All Scheduled Commercial Banks

Dear Sir,

**Credit Delivery through micro credit organizations/ self help groups**

Please refer to our circular RPCD/Plan/BC/94.04.09.01/98-99 dated 24 April 99 advising that the interest rates applicable to loans given by banks to micro credit organizations or by micro credit organizations to self help groups/ member beneficiaries will be left to their discretion. The underlying idea for the above relaxation is to ensure greater flow of credit to the schemes being implemented by micro credit organizations. In this connection, you may also recall that a national goal of covering 2 lakh self help groups over a period of five years has been set by the Government of India, of which 50,000 SHGs have to be covered during 99-2000. We therefore advise that there is an imperative need for increasing flow of micro credit under the various schemes being operated by banks. Banks may also include flow of micro credit in their corporate strategy/ plan and the progress thereof should be reviewed at the highest level on a quarterly basis.

Yours faithfully

(B.R.Verma)  
Chief General Manager In Charge